MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2016/2017

BMK 2814 – RETAIL MANAGEMENT

(Distance Education)

13th OCTOBER 2016
2.30 PM – 4.30 PM
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 4 pages only (including cover page).
2. Attempt ALL questions in section A.
3. Attempt ALL questions in section B.
4. Mark distribution for each question is given.
5. Please write all your answers in the Answer Booklet provided.

SECTION A: Answer ALL questions from this section.
All questions carry equal marks. Marks for sub-questions are indicated at the end of the respective questions. (60 marks)

Question 1

Differentiate among a central business district, a secondary business district, and a neighborhood business district. (20 marks)

Question 2

Compare the advantages and disadvantages of starting a new business versus buying an existing retail business. (20 marks)

Question 3

a. Why would a supermarket want to lease space to an outside operator rather than run a business, such as dry cleaning? What would be its risks in this approach? (10 marks)

b. There are various types of ownership forms that can be used in your business. Select any 4 types and discuss the characteristics of each of the ownership forms selected. (10 marks)

Continued....

SECTION B: Answer ALL questions from this section. (40 marks)

CASE: Chico's Steps up Its Technology.

Chico's (www.chicos.com) is a women's specialty retailer with a past history of multiple store formats, shifting target markets, and "boom" or "bust" successes and failures. At the end of 2008, Chico's board of directors r4ecruited David Dyer as its new chief executive. Dyer's immediate past position was a chief executive of Tommy Hilfiger Corporation. In turn, Dyer hired a number of key executives from Lands' End (www.landsend.com) to help restructure Chico's.

Immediately on taking the presidency of the company, David realized that Chico's information technology (IT) system was insufficient to handle its 1000+ stores and its direct-to-consumer business. As a result, in 2010, Chico's invested more than $30 million (over one-third of its local capital budget) in a new IT system based on the JDA Merchandising suite which is integrated with SAP.

According to Gary King, Chico's chief information officer, the new system "allows us to hold as much product as possible in the distribution centers until the last minute, so we don't overwhelm the back room of the store and have to mark it down or move it to outlet stores to liquidate it. And selling online is a much more profitable way to handle slow-moving items."

Another component of this system is a work-force management component. This component not only handles labor scheduling and staff training but also tracks shipments, handles home deliveries, and locates merchandise across stores. To reduce conflict between Chico's store and its online divisions, inventory is not attributed to a specific channel until it is sold. Thus, merchandise can be sold across channels. Markdowns, can also be reduced as each channel has an equal opportunity to sell all goods.

In addition, Chico's has implemented SAS On Demand: Marketing Automation software. This program has been used by Chico's to analyze data from its customer loyalty program to better understand important trends and opportunities. Among the key findings of this loyalty data were that Chico's had a lower share of its Northeast customers' disposable income than in other regions (due to extensive competition and product choice in this region). As a result, Chico's Northeast stores needed to stock a greater variety of merchandise than stores at other locations. Another important observation was that a majority of Chico's customers first went online to evaluate available styles and then visited the store to shop. In some instances, Chico's in-store customers ordered goods online only after visiting a store and determining that the goods are not available at the store.

Besides fine-tuning its current systems, Chico's plans to develop and implement a product-to-customer life-cycle management system. Then, programs can track the development of Chico's private-label products from their inception to the creation of a purchase order for specific styles, colors, fabrics, and sizes. The product life-cycle management effort is very important to Chico's as it designs all of its products in-house. Other new software applications that are being planned

include RFID (radio frequency identification) item-level tagging, point-of-sale automation, apps for smart phones, and evaluation of customer feedback via social media.

Source: Berman and Evans (2013), Retail Management, A Strategic Approach, P. 341

QUESTIONS

Question 4

Describe the potential improvements in productivity that would warrant Chico's spending more than one-third of its total capital budget on a new IT system. (20 marks)

Question 5

Discuss the value of labor scheduling for a retailer such as Chico's. (20 marks)

End of Paper